Local Government Mandate Statement Kentucky Legislative Research Commission 2020 Regular Session

REVISED 2/20/2020

Part I: Measure Information

Bill Request #: 1424
Bill #: HB 332
Document ID #: 3410
Bill Subject/Title: AN ACT relating to broadband service.
Sponsor: Phillip Pratt
Unit of Government: x City x County x Urban-County
Office(s) Impacted: City and county municipal utilities and telecoms
Requirement: x Mandatory Optional
Effect on Powers & Duties:x _ Modifies Existingx _ Adds Newx _ Eliminates Existing

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

The potential fiscal impacts, if there are any, on units of local government, municipal utilities, and telecom cooperatives is indeterminate and dependent on too many future and unknown variables to estimate.

HB 332 amends KRS 154.15-010 to add definitions for "broadband service", "eligible entity", "unserved area", and "wholesale network access". It amends KRS 154.15-020 to require the Kentucky Communications Network Authority to offer wholesale access (to non-public entities) of the excess capacity on KentuckyWired only in unserved areas.

The bill might restrict municipal broadband providers from expanding service to unserved areas in the future. The definition of an unserved area created by this legislation is "a geographical area without access to broadband service on the effective date of this Act or any time thereafter."

The **Kentucky Municipal Utilities Association** (KMUA) states that the bill could violate current contracts already in place. Additionally, the bill might prevent cities like Owensboro Municipal Utilities from accessing the unserved areas due to the language of the bill perceiving that only private companies will be able to access the middle mile of the broadband network, locking out city and county utilities, and preventing city and county utilities from buying into the middle mile of internet service. Finally, KMUA states that city utilities currently provide broadband in 15 small rural towns.

A representative municipal utility, **Owensboro Municipal Utilities** (OMU), states that municipal utilities such as OMU that provide broadband, the bill prevents municipal utilities who provide broadband services to their communities from accessing capacity on the network. If municipal utility companies were able to access the network, then the municipal utilities would have an opportunity to provide additional options at a potentially more affordable rate. For example, OMU could potentially utilize KentuckyWired to strengthen reliability and provide additional services to their community.

The **Kentucky Telecom Association** (KTA) (representing 18 rural broadband providers in Kentucky) supports HB 332 provisions effectively limiting KCNA/OpenFiber KY from offering wholesale services in areas already served by internet service providers providing 25 meg downstream/3 meg upstream broadband (the current definition of broadband as defined by the Federal Communications Commission). The KTA states that HB 332 would still allow KCNA/OpenFiber KY to offer wholesale services in areas of the Commonwealth of Kentucky that are deemed unserved by the FCC's current definition.

Below is a list of municipal broadband providers:

- 1. Frankfort Electric Plant Board
- 2. Owensboro Municipal Utilities
- 3. Barbourville Utility Commission
- 4. Bardstown Municipal Utilities
- 5. Bowling Green Municipal Utilities
- 6. Franklin Electric Plant Board
- 7. Glasgow Electric Plant Board
- 8. Henderson Municipal Power & Light
- 9. Hopkinsville Electric System
- 10. Mayfield Electric & Water System
- 11. Murray Electric System
- 12. Paducah Power System
- 13. Princeton Electric Plant Board
- 14. Russellville Electric Plant Board
- 15. Williamstown Utility Commission

The following telephone cooperatives provide high-speed Internet service to rural Kentucky:

Ballard Rural Telephone Cooperative; Duo County Telephone Cooperative; Foothills Rural Telephone Cooperatives; Highland Telephone Cooperative; Logan Telephone Cooperative; Mountain Rural Telephone Cooperative; North Central Telephone Cooperative; Peoples Rural Telephone Cooperative; South Central Telephone Cooperative; and West Kentucky Rural Telephone Cooperative.

Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II, above, pertains to the bill as introduced.

Data Source(s): Kentucky Telecom Association; Kentucky Municipal Utilities Association;

Kentucky League of Cities; LRC staff

Preparer: H. Marks Reviewer: KHC Date: 2/20/20